

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>BRIDGEPORT COUNTY LIBRARY</b>	County <b>SAGINAW</b>
Audit Date <b>12/31/05</b>	Opinion Date <b>3/30/06</b>	Date Accountant Report Submitted to State <b>4/26/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

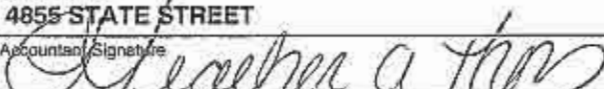
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) <b>GARDNER, PROVENZANO, SCHAUMAN &amp; THOMAS, P.C.</b>			
Street Address <b>4855 STATE STREET</b>	City <b>SAGINAW</b>	State <b>MI</b>	ZIP <b>48603</b>
Accountant Signature 		Date <b>4/26/06</b>	

BRIDGEPORT PUBLIC LIBRARY  
Board of Trustees  
December 31, 2005

William Cannon	President
Charles Booth	Vice-President
Denise Brush	Secretary
Marlene Muhlenkamp	Treasurer
Portia Brown	Trustee
Gerardo Gonzalez	Trustee

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# Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner  
Giacamo Provenzano  
James R. Schauman  
Heather A. Thomas

## INDEPENDENT AUDITOR'S REPORT

February 14, 2006

To the Board of Trustees  
Bridgeport Public Library  
Bridgeport, Michigan

We have audited the accompanying financial statements of the governmental activities of the Bridgeport Public Library as of December 31, 2005, which comprise the Bridgeport Public Library's basic financial statements as listed in the table of contents, and for the year then ended. The financial statements are the responsibility of the Bridgeport Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Bridgeport Public Library at December 31, 2005, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles and with applicable rules and regulations of the State Treasurer.

To the Board of Trustees  
Bridgeport Public Library  
Page Two

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Gaudin, Provencano, Schauman & Thomas*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

BRIDGEPORT PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2005

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This section of the financial report presents our discussion and analysis of the Bridgeport Public Library's financial performance during the year ended December 31, 2005. It is meant to provide an overall review of the Library's financial activities and provide a look at its past and current financial position. Readers should also review the Library's financial statements, immediately following this section, to enhance their understanding of the Library's financial performance.

The Bridgeport Public Library is a special purpose government engaged in a single government program of providing library services. The Governmental Accounting Standards Board (GASB) is the accounting standard-setting body for governmental entities. As allowed by GASB 34, for special purpose governments, the government-wide financial statements and the fund financial statements are combined.

**Using this Annual Report**

This annual report consists of the following three parts:

Management's Discussion and Analysis (this section)  
Basic Financial Statements  
Required Supplemental Information

These statements are organized to help the reader understand the financial position of the Bridgeport Public Library as a whole. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by required supplemental information that supports and further explains the financial statements with a comparison of the Library's budget for the year.

**Government-Wide Financial Statements**

The government-wide statements provide financial information of the Library as a whole. They report on the governmental activities of the Library, which includes the Library's basic services, including programming and technology. These activities are mostly funded by property taxes, penal fines and state shared revenue. These statements use the full accrual basis of accounting, similar to private sector companies. There are two Government-Wide statements: The Statement of Net Assets and the Statement of Activities.

**Government-wide Financial Statements (continued)**

The Statement of Net Assets includes all the assets and liabilities of the Library, whether short-term or long-term, and regardless of whether or not they are currently available. As a result, capital assets of the Library are included in this statement.

The Statement of Activities accounts for current year revenues regardless of when cash is received or paid, consistent with the full accrual basis method of accounting.

When analyzed together, these two statements help the reader determine whether the Library is financially stronger or weaker as a result of the year's activities. Both statements report the Library's net assets, which is the difference between the Library's assets and liabilities. The change in net assets is one way to measure the Library's financial health or position. Over time, increases and decreases in the Library's net assets are an indicator of whether the Library's financial health is improving or deteriorating. However, the Library's goal is to provide services to our patrons, not generate profits as in the private sector. As a result, other non-financial factors should be considered in assessing the overall health of the Library. Such factors would include the condition of the Library's building and the property tax base of the library.

**Fund Financial Statements**

The fund financial statements focus is on providing more detailed information about the General fund of the Library and not on the Library as a whole, as reported in the government-wide statements. The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements provide a detailed short-term view of the Library's operations and help in determining whether there are more or less financial resources available in the near future to finance the Library's programs and services provided.

In general, the fund financial statements have changed very little as a result of GASB 34 requirements and are relatively comparable to the prior year financial statements. The primary difference is that the Account Group General Fixed Assets is no longer reported.

BRIDGEPORT PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2005

**Summary of Net Assets**

<u>Governmental Activities</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current assets	\$ 682,099	\$ 629,345
Capital assets	510,505	516,557
Total Assets	<u>1,192,604</u>	<u>1,145,902</u>
<b>Liabilities</b>		
Current liabilities	285,975	279,948
Total Liabilities	<u>285,975</u>	<u>279,948</u>
<b>Net Assets</b>		
Capital assets	510,505	516,557
Unrestricted	396,124	349,397
Total Net Assets	<u>\$ 906,629</u>	<u>\$ 865,954</u>

The net assets for the Library were \$906,629 at December 31, 2005. The largest portion of the Library's assets consists of investment in capital assets. The remainder of net assets is unrestricted and will be used to fund future programming.

**Statement of Activities**

	<u>2005</u>	<u>2004</u>
<b>Revenues</b>		
Current property taxes	\$ 274,303	\$ 268,166
State revenue	16,641	18,762
Penal fines	56,629	53,752
Interest earned	10,494	5,303
Other	17,045	13,251
Total Revenue	<u>375,112</u>	<u>359,234</u>
<b>Expenses</b>		
Library services	<u>334,437</u>	<u>296,392</u>
Change in net assets	40,675	62,842
Net assets-Beginning	865,954	803,112
Net assets-Ending	<u>\$ 906,629</u>	<u>\$ 865,954</u>

As shown above, the net assets for the Library increased by \$40,675 during the year. The significant reasons for the increase are explained on page five in the section entitled Analysis of Balances and Transactions of the General Fund.

BRIDGEPORT PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2005

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**Statement of Activities (continued)**

The Statement of Activities presented later provides greater detail on the Library's activity. The cost of providing Library services this year was \$334,437. The amount financed through property taxes was \$274,303.

**Local Property Tax History**

<u>Fiscal Year Revenue</u>	<u>% of Revenue</u>	<u>Local Property Tax</u>
2005	73%	\$ 274,303
2004	75%	268,166
2003	71%	266,893
2002	62%	171,817
2001	58%	160,107

Local property tax revenues in the table include the receipt of delinquent taxes from prior years.

**Analysis of Balances and Transactions of the General Fund**

The 2005 tax revenues increased by \$6,137 over 2004 revenues due to rising taxable values on township properties. State aid to libraries declined based on a lower legislated per capita rate. The 2005 Penal fines rose by \$2,877 over 2004 figures, possibly due to increased enforcement of vehicular laws. Interest income nearly doubled as interest rates rose throughout 2005.

The 2005 salary expense rose a modest 4% over 2004 figures. The cost of providing employee benefits increased substantially in 2005 as one employee added family coverage to her health insurance. Office supplies for 2005 include the outlay for an additional six computers, resulting in an increase of \$4,638. The building project remains stalled, thus no additional expenses were reflected in the 2005 budget as opposed to the \$24,822 expended in 2004 on the project.

The Library added \$44,555 to its fund budget this year as opposed to \$39,634 added in 2004. This exceeds our expectation of a balanced budget and was due in part to an unexpected increase in revenues of nearly \$20,000, generated mostly from taxes, penal fines and interest income. The Library board uses fund balances to pay for the general upkeep of the library facility and grounds. In 2005, a portion of the monies was expended to repair and resurface the parking lot.

BRIDGEPORT PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2005

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**Budget Variances First vs. Final Budget**

The significant differences between the first and final budget included an increase in the penal fine revenue of \$11,629. Initial projections of this income reflected a 2004 decline in revenue along with a prediction that deeper cuts would continue in 2005. Instead, penal fine income stabilized and actually increased slightly. The increase of \$4,200 in interest income resulted from higher interest rates on funds invested in certificates of deposit. Book fines and fee income also rose by \$2,000 between the first and final budgets as the library increased fines on overdue materials to \$.10 per day.

Employee benefit expenditures increased by \$9,879 due to the addition of an employee's family members to health insurance coverage. Another unforeseen expense at the beginning of the year was the cost of holding a special millage election to fund an addition to the library facility. This was reflected in an increase of \$9,034 in professional fees. The library also allocated an additional \$5,100 for books as a result of receiving more penal fine income. The only significant reduction in expenditures was in the amount expended on Dues and Fees, as the library discontinued security services during the last quarter of the year and also received a rebate on membership fees for the White Pine Library Cooperative. This resulted in a difference of \$3,268 between the first and final budgets.

**Budget Variance Final Budget vs. Actual**

Variances between the final budget figures and the actual amount expended in the furniture and equipment and office supplies lines are due to audit adjustments. Because the cost of each equipment item did not meet the library's capitalization policy threshold, \$5,348 was reclassified from furniture and equipment into office supplies.

The final budget amount approved for books and cassettes was not completely expended due to delays in the shipping of ordered materials. This resulted in a \$2,224 deficit in expenditures.

Management did not consider the variances between the final budgeted revenue and actual revenue to be significant.

BRIDGEPORT PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2005

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**Capital Assets**

At the end of the year, the Library had \$510,505 invested in capital assets as follows:

	2005	2004
Construction in progress	\$ 24,822	\$ 24,822
Land	7,000	7,000
Land improvements	15,481	15,481
Building	509,641	509,641
Building improvements	6,608	6,608
Equipment and furniture	26,010	24,740
Collection	934,481	880,605
Total capital assets	<u>1,524,043</u>	<u>1,468,897</u>
Less: Accumulated depreciation	<u>(1,013,538)</u>	<u>(952,340)</u>
Capital assets, net of depreciation	<u>\$ 510,505</u>	<u>\$ 516,557</u>

The Library added \$53,876 in additions to the collection and \$1,270 in furniture.

**Currently Known Facts**

Although the voted millage for library operations expired in 2005, the tax revenues generated by it are reflected in the 2006 budget. The library board will place a four year operational millage proposal before the voters in August. If it fails to pass, the board will immediately curtail all but the most essential expenditures for the balance of 2006.

**Requests for Information**

This report is designed to provide a general overview for anyone interested in the Library's finances. Questions concerning this report should be addressed to:

Library Director  
Bridgeport Public Library  
3399 Williamson Road  
Bridgeport, MI 48722

## **BASIC FINANCIAL STATEMENTS**

Bridgeport Public Library  
Governmental Fund Balance Sheet/Statement of Net Assets  
December 31, 2005

	General Fund, Modified Accrual Basis	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash	\$ 104,471	\$ -	\$ 104,471
Cash, memorial	3,978	-	3,978
Investments	314,839	-	314,839
Taxes receivable	246,785	-	246,785
Prepays	12,026	-	12,026
Capital assets	-	510,505	510,505
Total Assets	<u>\$ 682,099</u>	<u>\$ 510,505</u>	<u>\$ 1,192,604</u>
<u>Liabilities</u>			
Liabilities			
Accrued payroll taxes	\$ 2,475	\$ -	\$ 2,475
Deferred revenue	283,500	-	283,500
Total Liabilities	<u>285,975</u>	<u>-</u>	<u>285,975</u>
Fund Balance/Net Assets			
Fund Balance			
Designated	24,409	(24,409)	-
Undesignated, unreserved	371,715	(371,715)	-
Total Fund Balance	<u>396,124</u>	<u>(396,124)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 682,099</u>		
Net assets:			
Investment in capital assets		510,505	510,505
Unrestricted		396,124	396,124
Total Net Assets		<u>\$ 510,505</u>	<u>\$ 906,629</u>

The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library  
Reconciliation of Balance Sheet of Governmental Fund To Statement of Net Assets  
December 31, 2005

Total Fund Balances - Governmental Funds	\$ 396,124
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not financial resources, and are not reported in the funds	510,505
Total Net Assets - Government-Wide	<u>\$ 906,629</u>

The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library  
Statement of Governmental Revenue, Expenditures, and Changes  
in Fund Balance/Statement of Activities  
For the Year Ended December 31, 2005

	General Fund, Modified Accrual Basis	Adjustments	Statement of Activities
<u>Revenue</u>			
Current property taxes	\$ 274,303	\$ -	\$ 274,303
State revenue	16,641	-	16,641
Telephone	429	-	429
Book fines and fees	9,414	-	9,414
Penal fines	56,629	-	56,629
Interest earned	10,494	-	10,494
Copy machine	2,502	-	2,502
Video rental	1,101	-	1,101
Other	3,599	-	3,599
Total Revenue	<u>375,112</u>	<u>-</u>	<u>375,112</u>
<u>Expenditures/expenses</u>			
Salaries	138,927	-	138,927
Payroll taxes	10,628	-	10,628
Retirement	5,459	-	5,459
Employees benefit	26,679	-	26,679
General insurance	2,893	-	2,893
Office supplies	9,435	-	9,435
Postage	1,421	-	1,421
Dues and fees	11,986	-	11,986
Dynix cost	11,667	-	11,667
Telephone	1,595	-	1,595
Utilities	11,731	-	11,731
Repairs & maintenance	19,978	-	19,978
Programs	2,935	-	2,935
Professional fees	11,732	-	11,732
Other	3,131	-	3,131
Periodicals	3,042	-	3,042
Capital outlay			
Books & cassettes	53,876	(53,876)	-
Furniture & equipment	1,270	(1,270)	-
Depreciation	-	61,198	61,198
Total Expenditures/expenses	<u>328,385</u>	<u>6,052</u>	<u>334,437</u>
Excess (deficit) of revenues over expenditures/Change in Net Assets	46,727	(6,052)	40,675
Fund Balances/Net Assets Beginning	349,397	516,557	865,954
Fund Balances/ Net Assets Ending	<u>\$ 396,124</u>	<u>\$ 510,505</u>	<u>\$ 906,629</u>

The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library  
Reconciliation of Statement of Revenue, Expenditures, and Changes in  
Fund Balances of Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2005

Net Change in Fund Balances - Governmental Funds	\$ 46,727
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Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	55,146
Depreciation	(61,198)

Change in Net Assets-Governmental-wide	<u>\$ 40,675</u>
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The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

BRIDGEPORT PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Significant Accounting Policies

**The Reporting Entity**

The Bridgeport Public Library was established in 1980, under Public Act 164 of 1877, as amended. An independently elected board of six trustees sets policy, plans for future direction, and takes responsibility for the overall operations of the Library.

The criteria established by NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special relationships. On this basis, the financial statements of the Library are not included in other governmental entities.

The financial statements of the Bridgeport Public Library have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to the Library. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the activities of the Library. Governmental activities, normally supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. At this time, the Library has no business type activities.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

NOTE 1--Significant Accounting Policies (continued)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Library reports only one fund as follows:

- The General Fund is used to record the operations and maintenance of the Library. Included are all transactions related to the approved current operating budget.

**Assets, Liabilities and Equity**

Cash and investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired. Certificates of deposit are stated at cost which approximates fair value.

Receivables – Property tax receivables are shown as gross amounts since uncollectible personal property taxes are undeterminable at year end and the County settles for all real property taxes.

Property tax is levied each December 1, on the Taxable Value of Bridgeport Township personal and real property. It is the policy of the Board of Trustees to recognize revenues from the current property tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for financing library operations. The amount levied in 2004 for the 2005 library operations was 1.5 mills.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

BRIDGEPORT PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Significant Accounting Policies (continued)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Capital assets – The Library defines capital assets as assets with an initial individual cost of more than \$1,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Library does not have infrastructure assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Building and building improvement	20 to 50 years
Equipment and furniture	5 to 10 years
Collections	2 to 3 years

Deferred revenue – Property taxes levied in 2005 for the 2006 operations are recognized as deferred revenue. In addition, State revenue received in advance is recorded as deferred revenue.

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

NOTE 2--Budgetary Policies and Data

The State of Michigan adopted a Uniform Budgeting and Accounting Act (ACT) applicable to all local governmental entities in the State. The law requires appropriation acts to be adopted for the general fund.

The Board adopts a budget based on the modified-accrual basis of accounting for the general fund. The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. A library is not considered to be in violation of the Act if reasonable procedures are in use by the library to detect violations.

BRIDGEPORT PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 2—Budgetary Policies and Data (continued)

The Bridgeport Public Library uses these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Director submits to the Board a proposed budget before January 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The Library Director is authorized to transfer budgeted amounts between functions; however, any revisions that alter the total expenditures of any fund must be approved by the Board.
4. The budget for the general fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. The budget is amended by the Board as needed through out the year.

NOTE 3—Capital Assets

A summary of the changes in capital assets is as follows:

	December 31, 2004	Additions	Deletions	December 31, 2005
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Construction in progress	\$ 24,822	\$ -	\$ -	\$ 24,822
Land	7,000	-	-	7,000
Total capital assets not being depreciated	31,822	-	-	31,822
Capital assets being depreciated				
Land improvements	15,481	-	-	15,481
Building	509,641	-	-	509,641
Building improvements	6,608	-	-	6,608
Equipment and furniture	24,740	1,270	-	26,010
Collection	880,605	53,876	-	934,481
Total capital assets being depreciated	1,437,075	55,146	-	1,492,221
Less: Accumulated depreciation	(952,340)	(61,198)	-	(1,013,538)
Governmental activities Capital assets, net of depreciation	\$ 516,557	\$ 23,208	\$ -	\$ 510,505

BRIDGEPORT PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Deposits and Investments

The library is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The library is also authorized by the State of Michigan to invest in the following:

- a. U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury STRIPS
- b. TINTS-Treasury Interest Securities
- c. PRINS or STRIPS-Treasury Principal Securities
- d. Certificates of Deposits, Saving Deposit Receipt and Savings Accounts,
- e. Commercial Paper-short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short-term cash
- f. Repurchase Agreements
- g. Banker's Acceptance
- h. Investment Pools

Cash and investments of \$110,482 and \$314,839, respectively are held at federally insured financial institutions. The FDIC insures up to \$100,000 in deposits. However, separately named accounts of a governmental entity in a single financial institution may not necessarily be treated as separate deposits for purposes of applying the \$100,000 limit.

The Library's deposits are categorized below according to level of credit risk:

- Category 1 represents the Library's insured or collateralized deposits with securities held by the Library or by its agent in the Library's name.
- Category 2 represents the Library's collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Library's name.
- Category 3 represents the Library's uncollateralized deposits including any bank balances that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name.

A summary of cash and investments is as follows:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Checking	\$ 110,483	\$ -	\$ -	\$ 110,483	\$ 108,449
Certificates of deposit	76,747	-	238,092	314,839	314,839
Totals	<u>\$ 187,230</u>	<u>\$ -</u>	<u>\$ 238,092</u>	<u>\$ 425,322</u>	<u>\$ 423,288</u>

BRIDGEPORT PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

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NOTE 5--Fund Balance-Designated

The fund balance has been designated at December 31, 2005 as follows:

	2005
Building Fund	\$ 24,064
Capital expenditures	345
	<u>\$ 24,409</u>

NOTE 6--Pension Expense

The Bridgeport Public Library Retirement Plan, which is a non-qualified 403(b) defined contribution plan, provides pension benefits for qualifying employees. The plan is administered by the Library's Board of Trustees. Under the plan, employees who work more than or equal to 40 hours per week are eligible to participate. Those employees can elect to make deferred compensation payments to the plan upon their employment commencement date. To be eligible to receive employer contributions to the plan, an employee must be 18 years old or older. Contributions to the plan are made at the discretion of the Board of Trustees. Plan provisions and contribution requirements are established and may be amended by the Bridgeport Library Trustees.

The Bridgeport Public Library made contributions of \$5,459 on behalf of the employees for the year ending December 31, 2005.

NOTE 7--Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During the year ended December 31, 2005, the Library carried commercial insurance for the above listed risks of loss.

## **REQUIRED SUPPLEMENTAL INFORMATION**

Bridgeport Public library  
 Budgetary Comparison-General Fund  
 For The Year Ended December 31, 2005

	Budget Amounts			Actual Over (Under) Budget
	Original	Final	Actual	
<u>Revenue</u>				
Current property taxes	\$ 275,000	\$ 274,303	\$ 274,303	\$ -
State revenue	15,392	16,642	16,641	(1)
Telephone	750	440	429	(11)
Book fines and fees	7,500	9,500	9,414	(86)
Penal fines	45,000	56,629	56,629	-
Interest earned	5,000	9,200	10,494	1,294
Copy machine	2,300	2,500	2,502	2
Video rental	1,500	1,100	1,101	1
Other	2,000	3,614	3,599	(15)
Total Revenues	354,442	373,928	375,112	1,184
<u>Expenditures</u>				
Salaries	140,000	139,000	138,927	(73)
Payroll taxes	11,000	10,900	10,628	(272)
Retirement	5,000	5,455	5,459	4
Employees benefit	16,800	26,679	26,679	-
General insurance	4,000	2,893	2,893	-
Office supplies	7,000	4,250	9,435	5,185
Postage	3,000	1,445	1,421	(24)
Dues and fees	15,250	11,982	11,986	4
Dynix cost	12,000	11,312	11,667	355
Telephone	2,000	1,595	1,595	-
Utilities	12,000	11,730	11,731	1
Repairs & maintenance	19,750	20,183	19,978	(205)
Printing	500	-	-	-
Programs	2,000	1,000	2,935	1,935
Professional fees	3,000	12,034	11,732	(302)
Other	3,200	3,155	3,131	(24)
Periodicals	4,000	3,042	3,042	-
Capital outlay				
Books & cassettes	51,000	56,100	53,876	(2,224)
Furniture & equipment	7,000	6,618	1,270	(5,348)
Total Expenditures	318,500	329,373	328,385	(988)
Excess (deficit) of revenues over expenditures	35,942	44,555	46,727	2,172
Fund Balances, Beginning	349,397	349,397	349,397	-
Fund Balances, Ending	\$ 385,339	\$ 393,952	\$ 396,124	\$ 2,172

The accompanying notes are an integral part of these financial statements.